

Message Text

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73

ORIGIN EB-11

INFO OCT-01 EA-11 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEA-02 OMB-01

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FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI

UNCLAS STATE 099624

E.O. 11652:N/A

TAGS:ETRD, TW

SUBJ: REPORT OF U.S. IMPORT EMBARGO ON CONVERTIBLE GAME

TABLES FROM ROC

REF: TAIPEI 2939

1. THE PRESIDENT, IN AN ACTION ANNOUNCED MAY 3, HAS DIRECTED THE SECRETARY OF THE TREASURY TO ISSUE A TEMPORARY ORDER FORBIDDING THE ENTRY OF CERTAIN CONVERTIBLE GAME TABLES, EXCEPT WHERE THE IMPORTATION IS MADE UNDER BOND. A CONVERTIBLE GAME TABLE IS AN ARTICLE OF FURNITURE DESIGNED FOR USE AS A REBOUND POOL TABLE, A POKER TABLE AND A DINING TABLE.

2. THE PRESIDENT'S ACTION FOLLOWS THE SUBMISSION OF AN INTERIM REPORT BY THE TARIFF COMMISSION OF THE RESULTS OF A PRELIMINARY INVESTIGATION, INCLUDING A PUBLIC HEARING, OF UNCLASSIFIED

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A COMPLAINT FILED BY ATI RECREATION, INC., OF MIAMI LAKES,

FLORIDA, UNDER SECTION 337 OF THE TARIFF ACT OF 1930, ALLEGING, AMONG OTHER THINGS, UNFAIR METHODS OF COMPETITION AND UNFAIR ACTS IN THE IMPORTATION AND SALE OF CERTAIN CONVERTIBLE GAME TABLES MANUFACTURED IN ACCORDANCE WITH A PATENT OWNED BY THE FIRM, THE EFFECT OR TENDENCY OF WHICH IS TO DESTROY OR SUBSTANTIALLY INJURE AN INDUSTRY, EFFICIENTLY AND ECONOMICALLY OPERATED, IN THE UNITED STATES. THE FIRM REQUESTED THAT ACTION BE TAKEN TO FORBID THE ENTRY OF SUCH TABLES INTO THE UNITED STATES.

3. THE TARIFF COMMISSION FOUND A PRIMA FACIE VIOLATION OF SECTION 337 BY UNFAIR METHODS OF COMPETITION OR UNFAIR ACTS IN THE IMPORTATION AND SALE OF CONVERTIBLE GAME TABLES (WHETHER IMPORTED ASSEMBLED OR NOT ASSEMBLED) MADE IN ACCORDANCE WITH THE ATI RECREATION PATENT, OR THE TABLE TOPS THEREFOR. IN SO FINDING IT STATED THAT ATI HAS NEVER GRANTED A LICENSE TO ANY PARTY FOR PRODUCTION OR SALE OF THE PATENTED CONVERTIBLE GAME TABLE AND THAT THE UNLICENSED IMPORTATION OF A PRODUCT WHICH IS PATENTED IN THE UNITED STATES IS AN UNFAIR METHOD OF COMPETITION OR UNFAIR ACT WITHIN THE MEANING OF SECTION 337. IT ALSO FOUND THAT IN THE ABSENCE OF A TEMPORARY EXCLUSION ORDER, IMMEDIATE AND SUBSTANTIAL HARM TO THE DOMESTIC INDUSTRY WOULD RESULT. THE COMMISSION THEREFORE RECOMMENDED THAT THE PRESIDENT DIRECT THE SECRETARY OF THE TREASURY TO INSTRUCT THE CUSTOMS SERVICE TO EXCLUDE SUCH ARTICLES FROM ENTRY INTO THE UNITED STATES.

4. SECTION 337 DECLARES UNLAWFUL "UNFAIR METHODS OF COMPETITION AND UNFAIR ACTS IN THE IMPORTATION INTO THE UNITED STATES, OR IN THEIR SALE BY THE OWNER, IMPORTER, CONSIGNEE, OR AGENT OF EITHER, THE EFFECT OR TENDENCY OF WHICH IS TO DESTROY OR SUBSTANTIALLY INJURE AN INDUSTRY, EFFICIENTLY AND ECONOMICALLY OPERATED IN THE UNITED STATES" AND PROVIDES THAT "WHENEVER THE EXISTENCE OF ANY SUCH UNFAIR METHOD OR ACT SHALL BE ESTABLISHED TO THE SATISFACTION OF THE PRESIDENT HE SHALL DIRECT THAT THE ARTICLES CONCERNED...SHALL BE EXCLUDED FROM ENTRY INTO THE UNITED STATES...". IT ALSO PROVIDES, AS IS APPLICABLE IN THIS CASE, THAT THE PRESIDENT MAY, PENDING COMPLETION OF AN UNCLASSIFIED

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INVESTIGATION, FORBID THE ENTRY OF VIOLATIVE ARTICLES, EXCEPT THAT SUCH ARTICLES SHALL BE ENTITLED TO ENTRY UNDER BOND PRESCRIBED BY THE SECRETARY OF THE TREASURY. THE EXCLUSION ORDER WILL CONTINUE IN EFFECT UNTIL THE PRESIDENT FINDS AND INSTRUCTS THE SECRETARY OF THE TREASURY THAT THE CONDITIONS WHICH LED TO SUCH REFUSAL NO LONGER EXIST.

5. THE TARIFF COMMISSION IS EXPECTED TO COMPLETE ITS

INVESTIGATION BEFORE THE END OF SEPTEMBER.

6. IMPORTS OF THE ARTICLES SUBJECT TO THE ORDER, WHICH
COME EXCLUSIVELY FROM TAIWAN, ARE BELIEVED TO ACCOUNT FOR
ABOUT HALF OF DOMESTIC CONSUMPTION. RUSH

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Drafter: WTDIROLL:CLJ
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